

1.94
C924p

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Washington, D.C.



September 11, 1934.

APPROVAL OF WAREHOUSES FOR STORING COTTON SUBJECT TO LIEN FOR TAX.

TO COUNTY AGENTS IN THE COTTON PRODUCING STATES:

The joint regulations placed upon the movement of cotton by the Bureau of Internal Revenue and the Agricultural Adjustment Administration require that all cotton, subject to a lien for tax, must be stored in an approved warehouse.

An approved warehouse means a warehouse or compress bonded under the United States Warehouse Act or the law of any state; or a warehouse or compress approved by the Secretary of Agriculture for the storage of cotton subject to lien for tax.

To comply with these regulations, warehouses requesting approval for the storage of such cotton are required to submit to the Cotton Production Section the following data and undertakings:

1. Current financial statement, together with such explanatory remarks or notes as are necessary.

2. A complete description of the warehouse, including its location in the city or town. Such description should include character of construction, character and condition of roofing and sidewalls, foundation, and floor.

3. All warehouses requesting approval are required to issue a warehouse receipt, which will identify the bale in storage at all times and which will recite the weight of the bale and lien-card number. The receipt should contain no statement of disclaimer of liability on the part of the warehouseman for any loss due to negligence on the part of himself or his employees. The warehouse receipt must constitute a binding contract between a warehouseman and the depositor of the cotton, and cover a definite and easily ascertainable bale of cotton.

4. All warehouses must furnish a satisfactory bond. A bond of an approved corporate surety. (or at least two individual sureties) based upon a certain amount per bale, taking into consideration the total storage capacity of the warehouse, will be required before approval of the warehouse is granted.

5. The amount of insurance being carried against fire, theft, weather damage, and any other information that will set forth safeguards provided by the warehouseman to protect the Government's interest must be stated.

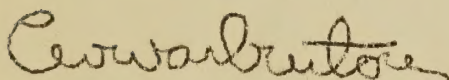
6. A certificate as to the accuracy of the weighing equipment; a showing that the warehouse has a fireproof safe or compartment for keeping its records, and maintains a satisfactory system of accounts; and an undertaking to make such reports as may be required.

In addition to the above, County Committees will be required to furnish the Cotton Production Section information relative to the competency and reliability of the management of all warehouses making applications for approval. No forms will be provided for this purpose, but it is expected that the County Committee will answer the questions asked in a letter to them relative to each particular warehouse located in their county.

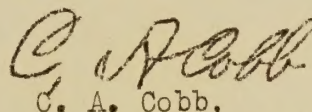
Will you please advise all cotton warehouses in your county that they will be required to obtain the approval of the Secretary of Agriculture before storing any cotton subject to a lien for tax, unless the warehouse is bonded under the United States Warehouse Act or the law of any State.

When the text of the rules of procedure is completed, copies will be sent you in order that you may hand them to warehousemen indicating their interest in making such applications.

Very truly yours,



C. W. Warburton,
Director of Extension Work.



C. A. Cobb,
Chief, Cotton Production Section,
Commodities Division

